

SECRET

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TALKING POINTS ON IRAN AND U.S. GULF STRATEGY

We ought not to underestimate Iranian tenacity and determination in trying to drive us out of the Gulf and to win over Iraq.

The US has impressed the Iranians with our own determination to stay the course since our commitment to a major Gulf presence. But the Iranians still probably believe that some strategy for inflicting casualties on us and for exposing the vulnerability of our Arab friends to terrorism could create the quagmire effect that will drive us out. Thus, for us to prevail, we shall have to keep redemonstrating our commitment in the face of painful Iranian challenges.

We do not believe the Iranians will try a go-for-broke Kamakaze strategy with their dwindling naval assets in the Gulf. They know this will cost them their navy and probably hurt us little; that's our kind of war. A combination of mining, maritime "sniping", and terrorism is their most likely course.

If the US sinks an Iranian arms carrier, we shall be opening a new chapter in the war. Because such action would strike at vital supply lines, the Iranians may be spurred into more desperate measures even at high cost, such as an all out effort against our naval forces. At the same time, we would have shown a willingness to go after Iran in a manner that, if persisted in, could finally tip the political balance in Tehran against continued war.

Iranian strategy is subject to some doubt, and capability is limited. Iranian tenacity is demonstrate. The US enjoys far greater capabilities but its staying power -- while greater than Iran has expected -- is still questionable.